

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 SP-02 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 XMB-02

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FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 5535

INFO AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EAID, EFIN, LA

SUBJECT: AUSTRALIAN FEOF REPRESENTATIVE'S CALL ON BOUNSOUANE
THAVONEKHAM

1. MEETING OF FEOF DONORS WITH LAO FINANCE MINISTRY
REPRESENTATIVE BOUNSOUANE WAS NOT RPT NOT HELD WEEK OF
OCTOBER 27 AS PLANNED. HOWEVER, AUSTRALIAN FEOF RE-
PRESENTATIVE TREVOR WILSON CALLED ON BOUNSOUANE ON
OCTOBER 28. WILSON'S CALL WAS MADE IN HIS CAPACITY
AS CHAIRMAN OF THE MONTH OF DONORS' ADVISORY BOARD. WE
RECEIVED WILSON'S WRITTEN REPORT OF HIS MEETING WITH
BOUNSOUANE OCTOBER 31. A SUMMARY FOLLOWS:

2. WILSON TOLD BOUNSOUANE THAT HE BELIEVED FRANCE AND
PROBABLY AUSTRALIA WOULD BE PREPARED TO PAY THE SECOND
TRANCHE OF THEIR 1975 FEOF CONTRIBUTIONS DESPITE THE
FACT THAT THERE HAD BEEN NO REVIEW OF THE FEOF ARRANGE-
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MENTS AFTER THE FIRST TRANCHE CONTRIBUTIONS WERE EX-

HAUSTED, AS THE 1975 FEOF AGREEMENTS STIPULATED. WILSON ADDED THAT GREAT BRITIAN WOULD PROBABLY FOLLOW FRANCE AND AUSTRALIA. WILSON THEN NOTED HE HAD RECEIVED A CABLE FROM CANBERRA ASKING WHETHER THE LAO GOVERNMENT WERE PREPARED TO CONTRIBUTE ITS SECOND TRANCHE TO THE FEOF FUND. WILSON ASKED BOUNSOUANE TO PROVIDE AN EARLY ANSWER TO THIS QUESTION, AS IT WOULD ASSIST DONORS IN MAKING RECOMMENDATIONS TO THEIR GOVERNMENTS IF THEY KNEW WHAT THE LAO POSITION WAS.

3. WILSON SUGGESTED TO BOUNSOUANE THAT THE DONORS AND THE LAO GOVERNMENT SHOULD CONSIDER HOW TO TERMINATE FEOF IN AS AMICABLE AND SENSIBLE WAY AS POSSIBLE. WILSON POINTED OUT THAT ONE PRACTICAL PROBLEM WAS THE PROVISION IN THE FEOF AGREEMENTS THAT ANY LEFT-OVER FUNDS SHOULD BE DEVIDED PROPORTIONATELY AMONG DONOR COUNTRIES. WILSON STATED HE DID NOT KNOW WHAT THE VIEWS OF DONORS WERE ON THIS SUBJECT, BUT THEY WOULD HAVE TO BE INVESTIGATED.

4. WILSON MENTIONED THAT, IN THE COURSE OF DISCUSSIONS ON THE WINDING UP OF FEOF, IT WOULD BE DESIRABLE TO ARRANGE A MEETING OF THE DONORS WITH THE MINISTER AND SECRETARY OF STATE OF FINANCE. HOWEVER, WILSON SAID HE MADE IT CLEAR TO BOUNSOUANE THAT DONORS WERE NOT INSISTING ON SUCH A MEETING.

5. WILSON ASKED BOUNSOUANE TO CLARIFY LAO POSITION ON FUTURE FINANCIAL AID AT NEXT DONORS' MEETING. WILSON SAID DONORS HAD IMPRESSION THAT LAOS WOULD PREFER ANY FINANCIAL AID TO BE IN BILATERAL CONTEXT.

6. BOUNSOUANE SAID THAT C.O.D.E. MEETINGS HAD BEEN DISRUPTED BY SEMINARS BUT THAT HE HAD A LARGE NUMBER OF REQUESTS FOR FOREIGN EXCHANGE, MOSTLY FOR GOODS THAT HAD ALREADY BEEN IMPORTED. BOUNSOUANE CONFIRMED THAT THE LARGEST AMOUNTS WERE FOR PETROLEUM. THERE WERE NOT MANY REQUESTS FOR PHARMACEUTICAL PRODUCTS. SOME OF THE REQUESTS WERE FROM THE BREWERY, BGL, AND WOULD ALLOW THEM TO CONTINUE PRODUCTION. THE VOLUME OF REQUESTS WAS SUCH THAT BOUNSOUANE DOUBTED THAT THERE WOULD BE LIMITED OFFICIAL USE

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ANY FOREIGN EXCHANGE LEFT OVER AFTER DECEMBER 31.

7. WILSON REMINDED BOUNSOUANE OF THE DAB'S REQUEST FOR DOCUMENTATION ON THE BUDGET. BOUNSOUANE COMPLAINED THAT SEMINARS INTERFERED WITH SUCH WORK AND THAT THE DEPARTURE OF THE FORMER DIRECTOR OF THE BUDGET HAD MEANT THAT THERE WAS NOBODY LEFT IN THAT SECTION WHO WAS INFORMED ABOUT THE BUDGET. BOUNSOUANE DID NOT THINK

THAT EVEN THE IMF MISSION HAD BEEN PROVIDED WITH FULL FIGURES FOR THE BUDGET. WILSON EMPHASIZED THAT THE DAB DID NOT REQUIRE A DOSSIER OF STATISTICS; ONE PAGE ON THE BUDGET AND ON FOREIGN EXCHANGE TRANSACTIONS WOULD BE SUFFICIENT. BOUNSOUANE SAID HE WOULD TRY TO PRODUCE THIS. BOUNSOUANE CLAIMED HE WAS NOT AWARE WHAT THE PGNU'S INTENTIONS ARE REGARDING THE EXCHANGE RATE AND THE CURRENCY.

8. WILSON SUGGESTED TO BOUNSOUANE THAT A DONORS' MEETING SHOULD BE HELD THE WEEK OF NOVEMBER 2 IF BOUNSOUANE HAD OBTAINED THE INFORMATION WILSON HAD REQUESTED.

9. COMMENT: ACCORDING TO FEOF MANAGER HUNT, ONLY TWO MILLION DOLLARS OF FIRST TRANCHE FUNDS REMAINED UNSPENT AS OF LAST WEEK IN OCTOBER. THERE IS, OF COURSE, NO QUESTION OF OUR CONTRIBUTING TO SECOND TRANCHE. IN CIRCUMSTANCES, WE ASSUME DEPARTMENT WOULD HAVE NO OBJECTIONS IF OTHER DONORS WISH TO REACH AGREEMENT THAT FUNDS LEFT OVER IN FUND AT END OF FY 1975 SHOULD BE LEFT TO PGNU RATHER THAN DEVIDED AMONG DONOR COUNTRIES.
END COMMENT.
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